

Legislative Fiscal Bureau

Fiscal Note

SF 383 - School Internet Classes (LSB 1812 SV)

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Fiscal Note Version — As Amended and Passed by the Senate

Requested by Representative Bill Schickel

Description

Senate File 383, as amended and passed by the Senate, authorizes the Department of Education to establish an Iowa Virtual Academy to provide secondary students (grades 7-12) with access to courses via instructional technology, including but not limited to web-based and Iowa Communications Network (ICN) applications. The authorization is subject to sufficient funding from a source other than the General Fund of the State.

The Bill, as amended and passed by the Senate, provides that the State Board of Education may set enrollment fees that school districts and accredited nonpublic schools are responsible for paying on behalf of their students. The fees may be retained by the Department of Education for purposes of administering the Academy and do not revert to the General Fund at the end of the fiscal year.

The Bill, as amended and passed by the Senate, further provides that Academy curriculum offered for credit or grades must be taught by a licensed teacher, and the Board of Educational Examiners is authorized to license individuals to teach courses delivered via instructional technology. Courses delivered through instructional technology may be used to meet up to 20.0% of the offerings required to meet educational standards for secondary schools. The Department must submit an annual report to the General Assembly regarding fees collected, funds expended, and budget projections.

Background

- The Department has indicated it does not intend to retain course fees from school districts. Rather, districts offering courses via the Academy may charge other districts a fee. The State Board of Education will establish the amount of that fee in administrative rules. The Department is proposing the fee be set at \$250 per student per course.
- The Department has received approval from the U. S. Department of Education to use approximately \$300,000 of the State's \$3.0 million FY 2004 Star Schools Grant for purposes of establishing the Academy.
- The Department estimates the ongoing cost of operating the Academy in FY 2005 and beyond at \$400,000 per year. The Bill does not provide this funding.
- On-line courses developed by the Academy for Iowa schools could be sold or licensed to other states, generating revenue for the Academy.

Assumptions

1. The Bill's authorization of the Academy, subject to sufficient funding from a source other than the General Fund of the State, covers funding for ongoing maintenance of the Academy, as well as start-up funding. No State funding will be provided to pay the Academy's ongoing expenses.
2. Only students enrolled in a public school or accredited nonpublic school will be permitted to enroll in Academy courses. Home-schooled students wishing to enroll in Academy courses will be required to dual enroll in a public school district.

3. The number of home-schooled students in the State who are not currently dual enrolled is unknown.
4. For purposes of funding, dual-enrolled students are weighted at one-tenth (0.1) of a full-time student.
5. Allowable growth will be 2.0% in FY 2004 and FY 2005.
6. Few, if any, courses will be offered through the Academy in FY 2004. Any resulting increase in the number of dual-enrolled students would be insignificant.
7. The Board of Educational Examiners will be able to absorb within its current budget the cost of establishing a new license category for teaching courses delivered via instructional technology.

Fiscal Impact

Senate File 383, as amended and passed by the Senate, will have no fiscal impact to the State General Fund in FY 2004. The fiscal impact in FY 2005 cannot be estimated because the number of home-schooled students not currently dual enrolled is unknown. There is the potential for an increase in the number of dual enrolled students due to home-schooled students wishing to take advantage of Academy courses. Each additional dual-enrolled student in FY 2005 would cost the State General Fund \$300 and generate \$170 in additional property tax revenue for the local school district in FY 2006.

Sources

Department of Education
Board of Educational Examiners

/s/ Dennis C Prouty

April 16, 2003

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
